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COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department on its Own Motion as to the Propriety of the Rates and Charges Set Forth in the Following Tariffs: M.D.T.E. Nos. 14 and 17, filed with the Department on December 11, 1998, to become effective January 10, 1999, by New England Telephone and Telegraph Company d/b/a Bell Atlantic Massachusetts

DTE 98-57

SURREBUTTAL TESTIMONY OF DENISE HENDERSON

ON BEHALF OF

AT&T COMMUNICATIONS OF NEW ENGLAND, INC.

November 5, 1999

1Q PLEASE STATE YOUR NAME, PRESENT POSITION AND BUSINESS ADDRESS.

A1. My name is Denise Henderson. I am employed as Manager-Collocation for AT&T. My business address is 30 Knightsbridge Road, Piscataway, New Jersey 08854.

1Q PLEASE DESCRIBE YOUR EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A1. I began working in the telecommunications industry for NYNEX in 1979. From 1979 to 1989, I worked in NYNEX's Repair Department for Special Services. I subsequently went to work for MCI. From 1993 to 1995, I was employed by MCI as an account manager for product offerings. In 1995, I went to work for Locate Telecommunications Services ("LTS") in Technical Support, working with the LTS team and directly with customers concerning technical issues. In November 1995, Teleport Communications Group ("TCG") acquired LTS, and I moved into a higher level technical consulting position working on major accounts. My position at TCG subsequently changed to product development, in which capacity I had occasion to familiarize myself with the tariffs of Bell Atlantic-New York ("BA-NY") and to interact with BA-NY on residential services issues. That position ended as a result of AT&T's acquisition of TCG in 1998, at which time I was asked to begin work on AT&T's efforts to obtain collocation arrangements nationwide. In the Bell Atlantic territory (north and south) our organization submitted some 300 applications for collocation in 1998, including 50 applications for new locations in the Boston area. I have since been involved in the preparation and submission of many more. In 1999, I was promoted to Manager-Collocation for AT&T.

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1Q ARE YOU ADOPTING THE DIRECT TESTIMONY OF FRANK HOFFMANN FILED ON BEHALF OF AT&T IN THIS PROCEEDING AND DATED JULY 26, 1999?

A1. Yes.

1Q ON WHOSE BEHALF ARE YOU SUBMITTING THIS SURREBUTTAL TESTIMONY?

A1. I am submitting this surrebuttal testimony on behalf of AT&T Communications of New England, Inc. and its affiliates (collectively "AT&T").

1Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A1. My surrebuttal testimony responds to certain assertions made by witnesses Amy Stern in and Dinell Clark in their rebuttal testimony on behalf Bell Atlantic-Massachusetts ("BA-MA") dated August 16, 1999. I also outline certain additional problems I perceive with the Tariff and purchasing collocation services under the Tariff based on recent experience in working with BA-MA on numerous collocation requests by AT&T. There are a number of clarifications, modifications and additions to the Tariff that are required to permit purchasers to better understand the services that BA-MA is offering and to make the tariff fair and pro-competitive, with respect to matters such as space availability, tours of BA-MA facilities, permissible equipment and equipment testing and alternative forms of collocation. I also perceive a number of other operational issues that involve business-to-business interactions that are perhaps too specific for inclusion in the tariff, but which are also important for AT&T to be able to compete effectively in Massachusetts.

I. SPACE AVAILABILITY.

1Q WHAT PRACTICAL ISSUES WITH RESPECT TO SPACE AVAILABILITY AND OBTAINING YOUR DESIRED FORM OF COLLOCATION ARE CREATED BY HAVING COLLOCATION OPTIONS IN ADDITION TO PHYSICAL COLLOCATION?

A1. Having additional types of collocation arrangements available such as cageless collocation (CCOE) and secured collocation (SCOPE) is generally favorable, but it does raise a practical issue that should be clarified in BA-MA's tariff. The current version of BA-MA's collocation application now asks a CLEC to "indicate the type(s) of collocation you are willing to consider" and lists all four types of standard collocation arrangements: physical, virtual, SCOPE and CCOE. See BA's Collocation Application (revised through 10/5/99), § II, a copy of which is attached hereto as Exhibit DH-1. The application asks CLECs to list their preference of collocation arrangement in order from 1 to 4. The application notes that "Bell Atlantic will use this information in the site survey process to determine how best we can satisfy your immediate collocation requirements." See Ex. DH-1

While having the option of specifying a second choice of collocation arrangement in the event your first choice is unavailable can prove useful in the process of obtaining collocation facilities, the application raises a number of questions about the process that should be addressed, and clarified in Tariff No. 17. On its face, the application language suggests that BA-MA is making some sort of subjective judgment about "how [BA] can best satisfy your immediate collocation needs" based on "the type(s) of collocation arrangements [a CLEC] is willing to consider." This implies something other than BA-MA merely checking for space availability for the first choice of a CLEC, and moving on from there to the second choice, and so on, in the event no space is available. It suggests that BA is taking into account some other factors. It could even mean that BA considers a number of CLEC requests at the same time, and works out the way it considers it can "best satisfy" them as a group.

BA-MA's current practice in responding to collocation applications provides no further guidance than the application. AT&T's practice is typically to request physical collocation space and to list either SCOPE or CCOE as a second choice. In response to certain AT&T applications, BA-MA simply responds with a cost estimate for AT&T's second choice, without indicating why AT&T's preference for physical

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collocation has not been approved. AT&T is left without any indication of whether BA-MA in fact lacks the necessary physical space or on what other basis, if any, it may have elected to offer AT&T its second choice. Without any information about the outcome of BA-MA's review of AT&T's first choice, AT&T cannot assess the propriety of the decision, nor is AT&T empowered to suggest alternative ways to satisfy its collocation request. For example, assume a situation where BA-MA in fact lacks sufficient collocation space for a 400 square foot physical collocation request, but has 300 square feet available. It may be that AT&T's true second choice would be to accept the smaller amount of physical collocation space, rather than SCOPE or CCOE space. Without any information concerning BA-MA's rejection of the request for physical collocation, there is no way to assess this option.

1Q CAN'T AT&T REQUEST A TOUR OF THE BA-MA CENTRAL OFFICE IN THE EVENT IT IS DENIED PHYSICAL COLLOCATION SPACE UNDER THE ADVANCED SERVICES ORDER?

A1. AT&T should be permitted a tour in those circumstances under the FCC Advanced Services Order and section 2.4.2.B of Tariff No. 17 (as recently approved by the Department), both of which specifically refer to denials of requests for physical collocation (as opposed to virtual SCOPE or CCOE). In a similar instance in the Bell Atlantic-South territory, however, after BA denied AT&T's request for physical collocation without explanation and provided a cost estimate for SCOPE and CCOE, I requested and was refused a tour by BA on the grounds that BA had offered AT&T available space. It is my understanding that this is a company-wide policy of BA. The Department should make clear that such a denial is improper, and that CLECs are entitled to a tour whenever they are denied physical collocation space, even if other space is offered. After all, it may be that the CLEC is able to identify space or a way of creating space for physical collocation by removing obsolete BA-MA equipment, or some other solution, without having to settle for a second or third choice collocation arrangement.

1Q DO YOU HAVE ANY OTHER SUGGESTIONS FOR HOW TO ADDRESS THESE ISSUES?

A1. Yes. BA-MA should be ordered to evaluate a CLEC request based solely on the availability of space, and not any other concerns it might now be using to make its determination of how it can "best satisfy" a CLECs request. In addition, it should be required to state the reason in any denial. Then a CLEC could request a tour if wished to confirm BA-MA's claim of space exhaust, or it could merely accept the option presented to it.

1Q DO YOU HAVE OTHER CONCERNS REGARDING AVAILABILITY OF SPACE?

A1. Yes. Bell Atlantic's proposal that it be permitted to reserve collocation space based on a three-year forecast is inequitable, unreasonable, and could materially impact a CLECs ability to obtain collocation space. It should be rejected, and BA-MA's ability to reserve space be made consistent with CLECs' ability to reserve space.

1Q AMY STERN ASSERTS IN HER REBUTTAL TESTIMONY THAT BA-MA SHOULD BE ENTITLED TO RESERVE MORE SPACE THAN CLECS, AND THAT THE FCC HAS APPROVED SUCH ADDITIONAL RESERVATION BY ILECS. IS SHE CORRECT?

No. In support of her claim that the FCC has blessed such expansive space reservation by ILECs, Ms. Stern quotes a 1992 FCC order in support of her argument that an ILEC is permitted to reserve space in its central offices for its own use on terms more favorable than CLECs, and then cites to a footnote in the 1996 Local Competition Order for alleged additional support. See Stern Rebuttal at 29 and n.6. The paragraph in the Local Competition Order she cites, however, in fact limits space reservation by ILECs, and gives CLECs the same priority with respect to space. Quoted in full, it states:

Incumbent LECs are allowed to retain a limited amount of floor space for defined future uses. Allowing competitive entrants to claim space that incumbent LECs had specifically planned to use could prevent incumbent LECs from serving their

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customers effectively. Incumbent LECs may not, however, reserve space for future use on terms more favorable than those that apply to other telecommunications carriers seeking to hold collocation space for their own future use.

Local Competition Order, ¶ 604 (emphasis added and footnotes omitted).

In this case, it is my understanding that the Department has approved space reclamation procedures in Tariff No. 17 that effectively limit CLECs to reserving space for six months where space availability is an issue. See Part E, section 2.2.8.A. Bell Atlantic therefore should not be permitted to reserve space for three years, as it demands, but should be subject to the same sort of reclamation procedures that apply to CLECs. The Department and CLECs could monitor unused BA-MA space through the information BA-MA is required to maintain on its website concerning the availability of space. BA-MA should be required to designate its reserved space differently from its utilized space for such purposes, and to note how long the space has remained unused.

2Q DO YOU HAVE ANY OTHER CONCERNS REGARDING TOURS OF BA-MA CENTRAL OFFICES IN WHICH AT&T HAS BEEN DENIED COLLOCATION SPACE?

A1. Yes. In August 1999, BA-MA notified AT&T of tours at two central offices (Sudbury and Westboro) at which BA-MA had denied a CLEC's application for physical collocation on grounds that space for all forms of physical collocation, including cageless, was exhausted. (A copy of the Sudbury notification letter is attached hereto as Exhibit DH-2.) I understood from communications with BA-MA after receiving the letter that BA was offering the tour to CLECs other than the CLEC whose application had been denied, as well as to members of the Department, because BA-MA intended to ask the Department to close the office to further tours. BA has included a provision in the tariff purporting to permit it to limit tours in this regard. See Part E, section 2.4.2.B.1.

Such a provision is in conflict with the requirements of the Advanced Services Order. Perhaps more troubling, AT&T participated in the tour of the Sudbury central office and found that BA-MA was conditioning SCOPE, and apparently cageless, space in the facility. AT&T is troubled by BA-MA's statement that all available space for physical collocation had exhausted where there was other space being devoted to other forms of collocation, and that BA-MA would seek in such a situation to have the office exempted from tours. As AT&T has previously stressed, section 2.4.2.B.1 should be stricken from the tariff.

1Q MS. CLARK STATES IN HER REBUTTAL TESTIMONY THAT BA-MA ANTICIPATES A FIFTY PERCENT (50%) UTILIZATION OF CONDITIONED "SCOPE" SPACE. IS THIS A PROPER ASSUMPTION?

A1. No, and it represents a tremendous waste of space by BA-MA. I understand that BA-MA is under an obligation to provide SCOPE (or a similar collocation arrangement) under the Advanced Services Order, but it appears that BA-MA is over dedicating space to SCOPE. If BA-MA expects that only 50% of conditioned SCOPE space will be utilized, it therefore expects that 50% of that space will sit empty. This is a waste of space that could be used for other collocation arrangements. Indeed, BA-MA's current experience suggests that an even lower percentage of SCOPE space is being be used. Clark Rebuttal at 20. In short, BA-MA is over-designing SCOPE space and, as a result, over charging for it, by grossing up the charge through application of a 50% fill factor.

BA-MA should design only as much SCOPE space as it expects CLECs to demand, and should not gross-up the price based on any fill factor under 100%. Over building SCOPE space means that CLECs may not get their first (or even second or third) choice of collocation arrangement because there is unused space dedicated to unwanted SCOPE arrangements. On the other hand, the current over-building of SCOPE space could easily lead to over-recovery by BA-MA, in the event that BA-MA eventually fills the space with CLECs willing to accept the 50% of conditioned SCOPE space they would not otherwise have occupied, for lack of another option. If that

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proves true, for BA-MA will fill 100% of the space with CLECs paying for SCOPE space at a mark-up based on a 50% usage. BA-MA should be required to remove the fill factor from its SCOPE charge, giving it the incentive to build the proper amount of SCOPE space.

II. PRO-RATING OF CERTAIN COSTS.

1Q IN HER REBUTTAL TESTIMONY (PAGE 6), MS. CLARK DISCUSSES CHARGING CLECS FOR "SPECIAL CONSTRUCTION" SUCH AS BUILDING ADDITIONS REQUIRED AFTER SPACE IS EXHAUSTED AND EXPANDED HVAC SYSTEMS THAT MIGHT BE REQUIRED DUE TO COLLOCATION REQUIREMENTS. ARE YOU CONCERNED ABOUT SUCH CHARGES BEING PROPERLY ASSESSED TO CLECS?

A1. Yes. As an initial matter let me note that I agree with AT&T witness Tom LoFrisco that the term "special construction" as used in the tariff is dangerously overbroad and should be deleted from the tariff if it is not properly defined. I can accept that a building addition or new HVAC system qualify as special construction for which BA-MA ought to be able to separately charge.

As for the proper charges, AT&T asked BA-MA information requests about how such "special construction" charges would be assessed. BA-MA responded that the costs of such special construction will be recovered from CLECs on a pro rata basis. See ATT-BA- 6-31 and 6-32. Pro-rating the recovery of such costs is appropriate, but it should also be made clear that BA-MA will not be permitted to recover from CLECs for whatever portion of the special construction benefits BA-MA. Moreover, in the case of building additions or the like, BA-MA must not be permitted to apply a "utilization factor" to increase the charges. It should be assume that 100% of the special construction will be utilized, with CLECs to pay only for that portion of the special construction that benefits them. I see no reason why BA-MA cannot include in the tariff a provision explaining how special construction of this sort.

1Q MS. CLARK CONTENDS THAT BA-MA MUST PERFORM A SIX-HOUR SITE SURVEY ON EVERY REQUEST FOR VIRTUAL COLLOCATION (PAGES 8-10), FOR WHICH IT CHARGES CLECS. IS THIS CHARGE APPROPRIATE?

A1. No, it is inappropriate for BA-MA to charge CLECs for a full site survey on every virtual collocation order. BA-MA acknowledges that it regularly updates central office records to reflect changes in space availability. See ATT-BA-6-35. It is simply impossible to believe that with the regular updates as a result of its own changes in space utilization as well as CLEC demands for virtual (and other types of) collocation, that BA-MA would need to perform a complete site survey on every request. For example, among the tasks BA-MA includes in the six hours are arranging and conducting a site visit, determining available frame space, and checking DSX and fiber bay capacities. See ATT-BA-6-34. If BA-MA has just performed a site visit for another Virtual Collocation request or just updated its site plans based on its own utilization of space, it is unreasonable to perform and charge for such activities. On average, a site survey should require considerably less time than BA-MA's estimated six hours, especially on a going forward basis.

III. EQUIPMENT REQUIREMENTS AND TESTING

1Q MS. STERN CONTENDS (AT PAGE 43-44) THAT THE SAFETY REQUIREMENTS IMPOSED ON CLEC COLLOCATION EQUIPMENT UNDER TARIFF NO. 17 ARE REASONABLE AND COMPORT WITH THE FCC'S ADVANCED SERVICES ORDER. PLEASE COMMENT.

A1. While AT&T generally does not have a problem with the safety requirements cited by Ms. Stern (Earthquake/Seismic Testing, EMI emissions testing up to 10GHz, and heat release measures), they are not consistent with the FCC's order and therefore should not be included in the tariff. Notwithstanding Ms. Stern's attempts to read additional requirements into the FCC Order, it is my understanding that the FCC determined, in order for CLECs to have some certainty about what equipment that could use in collocation space, that CLEC equipment needed to satisfy only NEBS Level 1 standards. See Advanced Service Order ¶ 35 and n. 80.

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In addition, although Ms. Stern represents that NEBS Level 1 is the general requirement imposed by BA-MA under Tariff No. 17 (together with the additional, unallowable standards discussed above), BA's collocation application demands that CLEC equipment "meet the NEBS (Level 3) family of requirements." See Exhibit DH-1, § IV.3. Moreover, the application goes on to stress that the CLEC must certify compliance with this requirement, or the application may be delayed. The Department should order BA-MA to modify not only the Tariff, but also its application, to be consistent with the FCC Order.

1Q ARE THERE ANY OTHER WAYS IN WHICH THE TARIFF SHOULD BE MODIFIED WITH REGARD TO COLLOCATION EQUIPMENT?

A1. Yes. I am aware of no provision in the tariff for the testing of equipment after it is installed, a process which is vital to permit AT&T to smoothly transition customers from BA's network to AT&T's network. For example, there should be a process in place for testing of DS0 cable pairs. Upon request, BA-MA will agree to test a portion of the DS0s provisioned, such a small sampling is insufficient. In higher-volume collocation arrangements, AT&T may request as many as 6000 DS0s. Without complete testing of all cable pairs upon installation, AT&T's ability to transition customers can be severely affected. There should be a provision in the tariff by which CLECs can obtain complete testing of all cable pairs.

1Q DO YOU HAVE ANY OTHER CONCERNS REGARDING PROVISIONING OF CABLE PAIRS?

A1. Yes. The tariff is also lacking, to my knowledge, any remedy provision for a failure by or error by BA-MA in provisioning CLEC orders. Specifically, AT&T has had a problem at four central offices with BA-MA incorrectly provisioning 2-wire (DS0) loops where AT&T requested 4-wire (DS0) loops. Here again, there is insufficient testing available to help identify this problem.

IV. ACCESS TO CLEC EQUIPMENT.

1Q MS. STERN DEFENDS A NUMBER OF BA-MA'S ATTEMPTS TO RESTRICT CLECS' ACCESS TO THEIR EQUIPMENT AND TO REQUIRE THAT CLEC'S BE ESCORTED BY BA-MA REPRESENTATIVES. ARE ANY OF THESE APPROPRIATE?

A1. No. The FCC's advanced services order plainly provides that CLECs are entitled to access their collocation equipment twenty-four hours a day, seven days a week. Advanced Services Order, ¶ 49. Most such provisions were addressed in the direct testimony submitted by Frank Hoffmann, and I will not address them again here. At page 26 of her rebuttal, however, Ms. Stern argues that CLEC access should be limited by BA-MA's "Safe Time" procedures, which limit access to operational equipment during normal work hours. The Advanced Services Order, however, permits no such restriction, and it therefore cannot be included in the tariff expressly or by implication. CLECs may face situations which demand that they perform work which would otherwise be against BA-MA's safe time procedures. There is no reason, however, to believe that CLEC personnel will not exercise all necessary precautions when working near operational equipment during normal work hours.

V. THE NEED FOR REASONABLE BUSINESS TO BUSINESS RULES

1Q DO YOU PERCEIVE A NEED FOR DETAILED BUSINESS TO BUSINESS RULES IN THE TARIFF?

A1. No, the Tariff is probably not the right place to try to embody all of the various business-to-business rules that are needed to make day-to-day interaction function in a manner that promotes competition. Such rules are very important, however, and the tariff therefore should contain a provision which states that BA-MA agrees to implement reasonable business-to-business rules in collaboration with its customers who purchase services under the tariff.

1Q CAN YOU PROVIDE SOME EXAMPLES OF WHY SUCH A COMMITMENT FROM BA-MA IN THE TARIFF IS IMPORTANT?

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A1. Yes. Here are some examples of the need for such rules:

Virtual collocation procedures: Too often AT&T lacks information concerning the virtual collocation provisioning process. Cost estimates do not include all information (such as the number of equipment bays), necessary supporting documentation is not specified, and often the status of an order is unclear: AT&T has a virtual augment order that has been pending at the Westboro central office since 1998.

Project management: BA-MA has not clearly articulated the roles of the various teams who service collocation requests. We have received no meaningful guidance about what team has what responsibilities, which hinders our ability to receive and supply information regarding our applications.

Application form: BA has revised the collocation application four times this year. While I understand that revisions are sometimes necessary, there should be some mechanism by which BA-MA identifies the nature of the changes, and new information required, and other changes. Adapting to new forms without any such guidance unnecessarily delays completing applications.

Cost estimates: BA-MA's cost estimates have no consistent degree of detail. Often, important details such as the number of equipment bays and whether the allotted space has obstructions such as support poles is omitted. A consistent and detailed form should be developed.

Special Billing Numbers: BA-MA should provide written procedures on choosing SBNs, to facilitate the process.

Facilitating communication: There are a number ways in which communications between BA-MA and AT&T could be facilitated that would expedite orders, such as increased and wider dissemination of notices via e-mail.

Case Completion/Acceptance: It is unclear when BA-MA deems a collocation arrangement "completed."

Billing: AT&T has not been billed by BA-MA for a large number of collocation arrangements. This failure to bill creates budgeting problems for AT&T and prevents AT&T from monitoring the charges BA-MA assesses for collocation.

While no one of these issues is significant enough to warrant tariff treatment, they each nevertheless impact AT&T's business on a daily basis, and impede its ability to compete effectively. BA-MA should commit in the tariff to developing business-to-business rules to address these problems.

1Q DOES THIS CONCLUDE YOUR TESTIMONY?

A1. Yes.